

104TH CONGRESS
1ST SESSION

H. R. 1135

To improve the Commodity Distribution Programs of the Department of Agriculture, to Reform and Simplify the Food Stamp Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. ROBERTS introduced the following bill; which was referred to the
Committee on Agriculture

A BILL

To improve the Commodity Distribution Programs of the Department of Agriculture, to Reform and Simplify the Food Stamp Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This title may be cited as the “Food Stamp Program
5 and Commodity Distribution Act”.

TITLE I—COMMODITY DISTRIBUTION

SEC. 101. SHORT TITLE.

This title may be cited as the “Commodity Distribution Act of 1995”.

SEC. 102. AVAILABILITY OF COMMODITIES.

(a) Notwithstanding any other provision of law, the Secretary of Agriculture (hereinafter in this subtitle referred to as the “Secretary”) is authorized during fiscal years 1996 through 2000 to purchase a variety of nutritious and useful commodities and distribute such commodities to the States for distribution in accordance with this title.

(b) In addition to the commodities described in subsection (a), the Secretary may expend funds made available to carry out the section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), which are not expended or needed to carry out such sections, to purchase, process, and distribute commodities of the types customarily purchased under such section to the States for distribution in accordance to this title.

(c) In addition to the commodities described in subsections (a) and (b), agricultural commodities and the products thereof made available under clause (2) of the second sentence of section 32 of the Act of August 24,

1 1935 (7 U.S.C. 612c), may be made available by the Sec-
2 retary to the States for distribution in accordance with
3 this title.

4 (d) In addition to the commodities described in sub-
5 sections (a), (b), and (c), commodities acquired by the
6 Commodity Credit Corporation that the Secretary deter-
7 mines, in the discretion of the Secretary, are in excess of
8 quantities need to—

9 (1) carry out other domestic donation pro-
10 grams;

11 (2) meet other domestic obligations;

12 (3) meet international market development and
13 food aid commitments, and

14 (4) carry out the farm price and income sta-
15 bilization purposes of the Agricultural Adjustment
16 Act of 1938, the Agricultural Act of 1949, and the
17 Commodity Credit Corporation Charter Act;

18 shall be made available by the Secretary, without charge
19 or credit for such commodities, to the States for distribu-
20 tion in accordance with this title.

21 (e) During each fiscal year, the types, varieties and
22 amounts of commodities to be purchased under this title
23 shall be determined by the Secretary. In purchasing such
24 commodities, except those commodities purchased pursu-

1 ant to section 110, the Secretary shall, to the extent prac-
2 ticable and appropriate, make purchases based on—

3 (1) agricultural market conditions; and

4 (2) the preferences and needs of States and dis-
5 tributing agencies.

6 **SEC. 103. STATE, LOCAL AND PRIVATE SUPPLEMENTATION**
7 **OF COMMODITIES.**

8 (a) The Secretary shall establish procedures under
9 which State and local agencies, recipient agencies, or any
10 other entity or person may supplement the commodities
11 distributed under this subtitle for use by recipient agencies
12 with nutritious and wholesome commodities that such en-
13 tities or persons donate for distribution, in all or part of
14 the State, in addition to the commodities otherwise made
15 available under this title.

16 (b) States and eligible recipient agencies may use—

17 (1) the funds appropriated for administrative
18 cost under section 109(b);

19 (2) equipment, structures, vehicles, and all
20 other facilities involved in the storage, handling, or
21 distribution of commodities made available under
22 this title; and

23 (3) the personnel, both paid or volunteer, in-
24 volved in such storage, handling, or distribution;

1 to store, handle or distribute commodities donated for use
2 under subsection (a).

3 (c) States and recipient agencies shall continue, to
4 the maximum extent practical, to use volunteer workers,
5 and commodities and other foodstuffs donated by chari-
6 table and other organizations, in the distribution of com-
7 modities under this title.

8 **SEC. 104. STATE PLAN.**

9 (a) Each State seeking to receive commodities under
10 this title shall submit a plan of operation and administra-
11 tion every four years to the Secretary for approval. The
12 plan may be amended at any time, with the approval of
13 the Secretary.

14 (b) The State plan, at a minimum, shall—

15 (1) designate the State agency responsible for
16 distributing the commodities received under this
17 title;

18 (2) set forth a plan of operation and adminis-
19 tration to expeditiously distribute commodities under
20 this title in quantities requested to eligible recipient
21 agencies in accordance with sections 106 and 110;

22 (3) set forth the standards of eligibility for re-
23 cipient agencies; and

1 (4) set forth the standards of eligibility for indi-
2 vidual or household recipients of commodities, which
3 at minimum shall require—

4 (A) individuals or households to be com-
5 prised of needy persons; and

6 (B) individual or household members to be
7 residing in the geographic location served by
8 the distributing agency at the time of applica-
9 tion for assistance.

10 (c) The Secretary shall encourage each State receiv-
11 ing commodities under this title to establish a State advi-
12 sory board consisting of representatives of all interested
13 entities, both public and private, in the distribution of
14 commodities received under this title in the State.

15 (d) Each State agency receiving commodities under
16 this title may—

17 (1) enter into cooperative agreements with
18 State agencies of other States to jointly provide
19 commodities received under this subtitle to eligible
20 recipient agencies that serve needy persons in a sin-
21 gle geographical area which includes such States; or

22 (2) transfer commodities received under this
23 title to any such eligible recipient agency in the
24 other State under such agreement.

1 **SEC. 105. ALLOCATION OF COMMODITIES TO STATES.**

2 (a) In each fiscal year, except for those commodities
3 purchased under section 110, the Secretary shall allocate
4 as follows:

5 (1) 60 percent of the such total value of com-
6 modities shall be allocated in a manner such that the
7 value of commodities allocated to each State bears
8 the same ratio to 60 percent of such total value as
9 the number of persons in households within the
10 State having incomes below the poverty line bears to
11 the total number of persons in households within all
12 States having incomes below such poverty line. Each
13 State shall receive the value of commodities allocated
14 under this paragraph.

15 (2) 40 percent of such total value of commod-
16 ities shall be allocated in a manner such that the
17 value of commodities allocated to each State bears
18 the same ratio to 40 percent of such total value as
19 the average monthly number of unemployed persons
20 within the State bears to the average monthly num-
21 ber of unemployed persons within all States during
22 the same fiscal year. Each State shall receive the
23 value of commodities allocated to the State under
24 this paragraph.

25 (b)(1) The Secretary shall notify each State of the
26 amount of commodities that such State is allotted to re-

1 ceive under subsection (a) or this subsection, if applicable.
2 Each State shall promptly notify the Secretary if such
3 State determines that it will not accept any or all of the
4 commodities made available under such allocation. On
5 such a notification by a State, the Secretary shall reallo-
6 cate and distribute such commodities as the Secretary
7 deems appropriate and equitable. The Secretary shall fur-
8 ther establish procedures to permit States to decline to
9 receive portions of such allocation during each fiscal year
10 as the State determines is appropriate and the Secretary
11 shall reallocate and distribute such allocation as the Sec-
12 retary deems appropriate and equitable.

13 (2) In the event of any drought, flood, hurricane, or
14 other natural disaster affecting substantial numbers of
15 persons in a State, county, or parish, the Secretary may
16 request that States unaffected by such a disaster consider
17 assisting affected States by allowing the Secretary to re-
18 allocate commodities from such unaffected State to States
19 containing areas adversely affected by the disaster.

20 (c) Purchases and distributions of commodities under
21 this title shall be made by the Secretary at such times
22 and under such conditions as the Secretary determines ap-
23 propriate within each fiscal year. All commodities so pur-
24 chased and distributed for each such fiscal year shall be
25 delivered at reasonable intervals to States based on the

1 allocations and reallocations made under subsections (a)
2 and (b), and purchases made to carry out section 110,
3 before the end of such fiscal year.

4 **SEC. 106. PRIORITY SYSTEM FOR STATE DISTRIBUTION OF**
5 **COMMODITIES.**

6 (a) In distributing commodities under this title, ex-
7 cluding those commodities distributed in accordance with
8 section 110, the State agency, under procedures deter-
9 mined by the State agency, shall offer, or otherwise make
10 available, its full allocation of commodities for distribution
11 to emergency feeding organizations.

12 (b) If the State agency determines that the State will
13 not exhaust its allocation of commodities under this title
14 through distribution to organizations referred to in sub-
15 section (a), its remaining allocation of commodities under
16 this title shall be distributed to charitable institutions de-
17 scribed in section 113(3) not receiving commodities under
18 subsection (a).

19 (c) If the State agency determines that the State will
20 not exhaust its allocation of commodities under this title
21 through distribution to organizations referred to in sub-
22 sections (a) and (b), its remaining allocation of commod-
23 ities under this title shall be distributed to any eligible
24 recipient agency not receiving commodities under sub-
25 sections (a) and (b).

1 **SEC. 107. INITIAL PROCESSING COSTS.**

2 The Secretary may use funds of the Commodity
3 Credit Corporation or funds available under section 32 of
4 the Act of August 24, 1935 (7 U.S.C. 612c), to pay the
5 costs of initial processing and packaging of commodities
6 to be distributed under the program established under this
7 title into forms and in quantities suitable, as determined
8 by the Secretary, for use by the individual households or
9 eligible recipient agencies, as applicable. The Secretary
10 may pay such costs in the form of Corporation-owned com-
11 modities equal in value to such costs. The Secretary shall
12 ensure that any such payments in kind will not displace
13 commercial sales of such commodities.

14 **SEC. 108. ASSURANCES; ANTICIPATED USE.**

15 (a) The Secretary shall take such precautions as the
16 Secretary deems necessary to ensure that commodities
17 made available under this title will not displace commer-
18 cial sales of such commodities or the products thereof. The
19 Secretary shall submit to Congress by December 31, 1997,
20 and not less than every two years thereafter, a report as
21 to whether and to what extent such displacements or sub-
22 stitutions are occurring.

23 (b) The Secretary shall determine that commodities
24 provided under this title shall be purchased and distrib-
25 uted only in quantities that can be consumed without
26 waste. No eligible recipient agency may receive commod-

ities under this title in excess of anticipated use, based on inventory records and controls, or in excess of its ability to accept and store such commodities.

SEC. 109. AUTHORIZATION OF APPROPRIATIONS.

(a) PURCHASE OF COMMODITIES.—To carry out this title, there are authorized to be appropriated \$260,000,000 for each of the fiscal years 1996 through 2000 to purchase, process and distribute commodities to the States in accordance with this title.

(b) ADMINISTRATIVE FUNDS.—(1) There are authorized to be appropriated \$40,000,000 for each of the fiscal years 1996 through 2000 for the Secretary to make available to the States for State and local payments for costs associated with the distribution of commodities by eligible recipient agencies under this title, excluding costs associated with the distribution of those commodities distributed under section 110(b). Funds appropriated under this paragraph for any fiscal year shall be allocated to the States on an advance basis dividing such funds among the States in the same proportions as the commodities distributed under this title for such fiscal year are allocated among the States. If a State agency is unable to use all of the funds so allocated to it, the Secretary shall reallocate such unused funds among the other States.

1 (2)(A) Each State shall make available in each fiscal
2 year to eligible recipient agencies in the State not less than
3 40 percent of the funds received by the State under para-
4 graph (1) for such fiscal year, as necessary to pay for,
5 or provide advance payments to cover, the direct expenses
6 of eligible recipient agencies for distributing commodities
7 to needy persons, but only to the extent such expenses are
8 actually so incurred by such recipient agencies.

9 (B) As used in this paragraph, the term “direct ex-
10 penses” includes—

11 (i) costs of transporting, storing, handling, re-
12 packaging, processing, and distributing commodities
13 incurred after such commodities are received by eli-
14 gible recipient agencies;

15 (ii) costs associated with determinations of eli-
16 gibility, verification, and documentation;

17 (iii) costs of providing information to persons
18 receiving commodities under this title concerning the
19 appropriate storage and preparation of such com-
20 modities; and

21 (iv) costs of recordkeeping, auditing, and other
22 administrative procedures required for participation
23 in the program under this title.

24 (C) If a State makes a payment, using State funds,
25 to cover direct expenses of eligible recipient agencies, the

1 amount of such payment shall be counted toward the
2 amount a State must make available for direct expenses
3 of recipient agencies under this paragraph.

4 (3) States to which funds are allocated for a fiscal
5 year under this subsection shall submit financial reports
6 to the Secretary, on a regular basis, as to the use of such
7 funds. No such funds may be used by States or eligible
8 recipient agencies for costs other than those involved in
9 covering the expenses related to the distribution of com-
10 modities by eligible recipient agencies.

11 (4)(A) Except as provided in subparagraph (B), to
12 be eligible to receive funds under this subsection, a State
13 shall provide in cash or in kind (according to procedures
14 approved by the Secretary for certifying these in-kind con-
15 tributions) from non-Federal sources a contribution equal
16 to the difference between—

17 (i) the amount of such funds so received; and

18 (ii) any part of the amount allocated to the
19 State and paid by the State—

20 (I) to eligible recipient agencies; or

21 (II) for the direct expenses of such recipi-
22 ent agencies;

23 for use in carrying out this title.

24 (B) Funds allocated to a State under this section
25 may, upon State request, be allocated before States satisfy

1 the matching requirement specified in subparagraph (A),
2 based on the estimated contribution required. The Sec-
3 retary shall periodically reconcile estimated and actual
4 contributions and adjust allocations to the State to correct
5 for overpayments and underpayments.

6 (C) Any funds distributed for administrative costs
7 under section 110(b) shall not be covered by this para-
8 graph.

9 (5) States may not charge for commodities made
10 available to eligible recipient agencies, and may not pass
11 on to such recipient agencies the cost of any matching re-
12 quirements, under this title.

13 (c) The value of the commodities made available
14 under subsection (c) and (d) of section 102, and the funds
15 of the Corporation used to pay the costs of initial process-
16 ing, packaging (including forms suitable for home use),
17 and delivering commodities to the States shall not be
18 charged against appropriations authorized by this section.

19 **SEC. 110. COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

20 (a) From the funds appropriated under section
21 109(a), \$94,500,000 shall be used for each fiscal year to
22 purchase and distribute commodities to supplemental feed-
23 ing programs serving women, infants, and children or el-
24 derly individuals (hereinafter in this section referred to as

1 the “commodity supplemental food program”), or serving
2 both groups wherever located.

3 (b) Not more than 20 percent of the funds made
4 available under subsection (a) shall be made available to
5 the States for State and local payments of administrative
6 costs associated with the distribution of commodities by
7 eligible recipient agencies under this section. Administra-
8 tive costs for the purposes of the commodity supplemental
9 food program shall include, but not be limited to, expenses
10 for information and referral, operation, monitoring, nutri-
11 tion education, start-up costs, and general administration,
12 including staff, warehouse and transportation personnel,
13 insurance, and administration of the State or local office.

14 (c)(1) During each fiscal year the commodity supple-
15 mental food program is in operation, the types, varieties,
16 and amounts of commodities to be purchased under this
17 section shall be determined by the Secretary, but, if the
18 Secretary proposes to make any significant changes in the
19 types, varieties or amounts from those that were available
20 or were planned at the beginning of the fiscal year the
21 Secretary shall report such changes before implementation
22 to the Committee on Agriculture of the House of Rep-
23 resentatives and the Committee on Agriculture, Nutrition,
24 and Forestry of the Senate.

1 (2) Notwithstanding any other provision of law, the
2 Commodity Credit Corporation shall, to the extent that
3 the Commodity Credit Corporation inventory levels per-
4 mit, provide not less than 9,000,000 pounds of cheese and
5 not less than 4,000,000 pounds of nonfat dry milk in each
6 of the fiscal years 1996 through 2000 to the Secretary.
7 The Secretary shall use such amounts of cheese and non-
8 fat dry milk to carry out the commodity supplemental food
9 program before the end of the fiscal year in which such
10 amounts are provided.

11 (d) The Secretary shall, in each fiscal year, approve
12 applications of additional sites for the program, including
13 sites that serve only elderly persons, in areas in which the
14 program currently does not operate, to the full extent that
15 applications can be approved within the appropriations
16 available for the program for the fiscal year and without
17 reducing actual participation levels (including participa-
18 tion of elderly persons under subsection (e)) in areas in
19 which the program is in effect.

20 (e) If a local agency that administers the commodity
21 supplemental food program determines that the amount
22 of funds made available to the agency to carry out this
23 section exceeds the amount of funds necessary to provide
24 assistance under such program to women, infants, and
25 children, the agency, with the approval of the Secretary,

1 may permit low-income elderly persons (as defined by the
2 Secretary) to participate in and be served by such pro-
3 gram.

4 (f)(1) If it is necessary for the Secretary to pay a
5 significantly higher than expected price for one or more
6 types of commodities purchased under this section, the
7 Secretary shall promptly determine whether the price is
8 likely to cause the number of persons that can be served
9 in the program in a fiscal year to decline.

10 (2) If the Secretary determines that such a decline
11 would occur, the Secretary shall promptly notify the State
12 agencies charged with operating the program of the de-
13 cline and shall ensure that a State agency notify all local
14 agencies operating the program in the State of the decline.

15 (g) Commodities distributed to States pursuant to
16 this section shall not be considered in determining the
17 commodity allocation to each State or priority of distribu-
18 tion under sections 105 and 106.

19 **SEC. 111. COMMODITIES NOT INCOME.**

20 Notwithstanding any other provision of law, commod-
21 ities distributed under this title shall not be considered
22 income or resources for any purposes under any Federal,
23 State, or local law.

1 **SEC. 112. PROHIBITION AGAINST CERTAIN STATE**
2 **CHARGES.**

3 Whenever a commodity is made available without
4 charge or credit under any nutrition program adminis-
5 tered by the Secretary for distribution within the States
6 to eligible recipient agencies, the State may not charge re-
7 cipient agencies any amount that is in excess of the State's
8 direct costs of storing, and transporting to recipient agen-
9 cies the commodities minus any amount the Secretary pro-
10 vides the State for the costs of storing and transporting
11 such commodities.

12 **SEC. 113. DEFINITIONS.**

13 As used in this title:

14 (1) The term "average monthly number of un-
15 employed persons" means the average monthly num-
16 ber of unemployed persons within a State in the
17 most recent fiscal year for which such information is
18 available as determined by the Bureau of Labor Sta-
19 tistics of the Department of Labor.

20 (2) The term "elderly persons" means individ-
21 uals sixty years of age or older.

22 (3) The term "eligible recipient agency" means
23 a public or nonprofit organization that admin-
24 isters—

25 (A) an institution providing commodities to
26 supplemental feeding programs serving women,

1 infants, and children or serving elderly persons,
2 or serving both groups;

3 (B) an emergency feeding organization;

4 (C) a charitable institution (including hos-
5 pitals and retirement homes and excluding
6 penal institutions) to the extent that such insti-
7 tution serves needy persons;

8 (D) a summer camp for children, or a
9 child nutrition program providing food service;

10 (E) a nutrition project operating under the
11 Older Americans Act of 1965, including such
12 projects that operate a congregate nutrition site
13 and project that provides home-delivered meals;
14 or

15 (F) a disaster relief program;

16 and that have been designated by the appropriate
17 State agency, or by the Secretary, and approved by
18 the Secretary for participation in the program estab-
19 lished under this title.

20 (4) The term “emergency feeding organization”
21 means a public or nonprofit organization that administers
22 activities and projects (including the activities and
23 projects of a charitable institution, a food bank, a food
24 pantry, a hunger relief center, a soup kitchen, or a similar
25 public or private nonprofit eligible recipient agency) pro-

1 viding nutrition assistance to relieve situations of emer-
2 gency and distress through the provision of food to needy
3 persons, including low-income and unemployed persons.

4 (5) The term “food bank” means a public and
5 charitable institution that maintains an established
6 operation involving the provision of food or edible
7 commodities, or the products thereof, to food pan-
8 tries, soup kitchens, hunger relief centers, or other
9 food or feeding centers that, as an integral part of
10 their normal activities, provide meals or food to feed
11 persons on a regular basis.

12 (6) The term “food pantry” means a public or
13 private nonprofit organization that distributes food
14 to low-income and unemployed households, including
15 food from sources other than the Department of Ag-
16 riculture, to relieve situations of emergency and dis-
17 tress.

18 (7) The term “needy persons” means—

19 (A) individuals who have low incomes or
20 who are unemployed, as determined by the
21 State (in no event shall the income of such indi-
22 vidual or household exceed 185 percent of the
23 poverty line);

24 (B) households certified as eligible to par-
25 ticipate in the food stamp program under the

1 Food Stamp Act of 1977 (7 U.S.C. 2011 et
2 seq.); or

3 (C) individuals or households participating
4 in any other Federal, or federally assisted,
5 means-tested program.

6 (8) The term “poverty line” has the same
7 meaning given such term in section 673(2) of the
8 Community Services Block Grant Act (42 U.S.C.
9 9902(2)).

10 (9) The term “soup kitchen” means a public
11 and charitable institution that, as integral part of its
12 normal activities, maintains an established feeding
13 operation to provide food to needy homeless persons
14 on a regular basis.

15 **SEC. 114. REGULATIONS.**

16 (a) The Secretary shall issue regulations with one
17 hundred and twenty days to implement this title.

18 (b) In administering this subtitle, the Secretary shall
19 minimize, to the maximum extent practicable, the regu-
20 latory, recordkeeping, and paperwork requirements im-
21 posed on eligible recipient agencies.

22 (c) The Secretary shall as early as feasible but not
23 later than the beginning of each fiscal year, publish in the
24 Federal Register a nonbinding estimate of the types and
25 quantities of commodities that the Secretary anticipates

1 are likely to be made available under the commodity dis-
2 tribution program under this title during the fiscal year.

3 (d) The regulations issued by the Secretary under
4 this section shall include provisions that set standards
5 with respect to liability for commodity losses for the com-
6 modities distributed under this title in situations in which
7 there is no evidence of negligence or fraud, and conditions
8 for payment to cover such losses. Such provisions shall
9 take into consideration the special needs and cir-
10 cumstances of eligible recipient agencies.

11 **SEC. 115. FINALITY OF DETERMINATIONS.**

12 Determinations made by the Secretary under this
13 title and the facts constituting the basis for any donation
14 of commodities under this title, or the amount thereof,
15 when officially determined in conformity with the applica-
16 ble regulations prescribed by the Secretary, shall be final
17 and conclusive and shall not be reviewable by any other
18 officer or agency of the Government.

19 **SEC. 116. RELATIONSHIP TO OTHER PROGRAMS.**

20 (a) Section 4(b) of the Food Stamp Act of 1977 (7
21 U.S.C. 2013(b)) shall not apply with respect to the dis-
22 tribution of commodities under this title.

23 (b) Except as otherwise provided in section 107, none
24 of the commodities distributed under this title shall be sold

1 or otherwise disposed of in commercial channels in any
2 form.

3 **SEC. 117. SETTLEMENT AND ADJUSTMENT OF CLAIMS.**

4 (a) The Secretary, or a designee of the Secretary,
5 shall have the authority to—

6 (1) determine the amount of, settle, and adjust
7 any claim arising under this title; and

8 (2) waive such a claim if the Secretary deter-
9 mines that to do so will serve the purposes of this
10 title.

11 (b) Nothing contained in this section shall be con-
12 strued to diminish the authority of the Attorney General
13 of the United States under section 516 of title 28, United
14 States Code, to conduct litigation on behalf of the United
15 States.

16 **SEC. 118. REPEALERS; AMENDMENTS.**

17 (a) The Emergency Food Assistance Act of 1983 (7
18 U.S.C. 612c note) is repealed.

19 (b) AMENDMENTS.—

20 (1) The Hunger Prevention Act of 1988 (7
21 U.S.C. 612c note) is amended—

22 (A) by striking section 110; and

23 (B) by striking section 502.

1 (2) The Commodity Distribution Reform Act
2 and WIC Amendments of 1987 (7 U.S.C. 612c note)
3 is amended by striking section 4.

4 (3) The Charitable Assistance and Food Bank
5 Act of 1987 (7 U.S.C. 612c note) is amended by
6 striking section 3.

7 (4) The Food Security Act of 1985 (7 U.S.C.
8 612c note) is amended—

9 (A) by striking section 1562(a) and section
10 1571; and

11 (B) in section 1562(d), by striking “sec-
12 tion 4 of the Agricultural and Consumer Pro-
13 tection Act of 1973” and inserting “section 110
14 of the American Commodity Distribution Act of
15 1995”.

16 (5) The Agricultural and Consumer Protection
17 Act of 1973 (7 U.S.C. 612c note) is amended—

18 (A) in section 4(a), by striking “institu-
19 tions (including hospitals and facilities caring
20 for needy infants and children), supplemental
21 feeding programs serving women, infants and
22 children or elderly persons, or both, wherever
23 located, disaster areas, summer camps for chil-
24 dren,”;

1 (B) in subsection 4(c), by striking “the
2 Emergency Food Assistance Act of 1983” and
3 inserting “the Commodity Distribution Act of
4 1995”; and

5 (C) by striking section 5.

6 (6) The Food, Agriculture, Conservation, and
7 Trade Act of 1990 (7 U.S.C. 612c note) is amended
8 by striking section 1773(f).

9 **TITLE II—SIMPLIFICATION AND**
10 **REFORM OF FOOD STAMP**
11 **PROGRAM**

12 **SEC. 201. SHORT TITLE.**

13 This title may be cited as the “Food Stamp Sim-
14 plification and Reform Act of 1995”.

15 **Subtitle A—Simplified Food Stamp**
16 **Program and State Assistance**
17 **for Needy Families**

18 **SEC. 202. ESTABLISHMENT OF SIMPLIFIED FOOD STAMP**
19 **PROGRAM AND STATE ASSISTANCE FOR**
20 **NEEDY FAMILIES PROGRAM.**

21 Section 4(a) of the Food Stamp Act of 1977 (7
22 U.S.C. 2013(a)) is amended—

23 (1) in the first sentence, by striking, by striking
24 “Act,” and inserting “Act—”;

1 (2) beginning with “the Secretary is author-
2 ized”, redesignating it as paragraph (1); and

3 (3) by adding the following new paragraph:

4 “(2) At the request of the State agency, a State
5 may operate a program, within the State or any po-
6 litical subdivisions within the State, in which house-
7 holds with one or more members receive regular cash
8 benefits under the program established by the State
9 under the Temporary Assistance for needy Families
10 block grant may, as provided in section 24, may be
11 issued monthly allotments following the rules and
12 procedures established by the State under the Tem-
13 porary Assistance for Needy Families block grant or
14 this Act.”.

15 **SEC. 203. SIMPLIFIED FOOD STAMP PROGRAM.**

16 (a) The Act (7 U.S.C. 2011 et seq.) is amended by
17 adding the following new section:

18 **“SEC. 24. SIMPLIFIED FOOD STAMP PROGRAM.**

19 “(a) Where a State elects to operate a program under
20 section 4(a)(2) within the State or any political subdivi-
21 sions within the State, except as provided in subsection
22 (h), households in which all members receive regular cash
23 benefits under the program established by the State under
24 the Temporary Assistance for Needy Families block grant
25 shall be automatically eligible for the food stamp program

1 and benefits shall be determined under the rules and pro-
2 cedures established by the State or political subdivision
3 under the Temporary Assistance for Needy Families block
4 grant or this Act, subject to subsection (h).

5 “(b) In approving a State plan to carry out such pro-
6 gram, the Secretary shall certify that the average food
7 stamp benefit level per household participating in the pro-
8 gram under this section for the State or political subdivi-
9 sion in which such program is in operation is not expected
10 to exceed the average level of food stamp benefits per
11 household that received benefits under part A of title IV
12 of the Social Security Act (42 U.S.C. 601 et seq.) in such
13 area in the preceding fiscal year, adjusted for any changes
14 in the thrifty food plan under section 3(o). The Secretary
15 shall compute the permissible average level of benefits per
16 household each year for each State or political subdivision
17 in which such program is in operation and may require
18 a State to report any information necessary to make such
19 computation.

20 “(c) Where average allotments provided by the State
21 under such program exceed the permissible level of bene-
22 fits per household for the State or political subdivision in
23 which the program is in operation, the State or political
24 subdivision shall repay the Secretary the value of the allot-

1 ments in excess of the average level of benefits per house-
2 hold in the State or political subdivision.

3 “(d) The administrative costs for households in such
4 program shall be shared in accordance with section 16,
5 except that the Secretary shall pay an amount equal to
6 60 percent of all these administrative costs.

7 “(e)(1) A household against which a penalty is im-
8 posed (including disqualification) for noncompliance with
9 the program established by the State under the Tem-
10 porary Assistance for Needy Families block grant, except
11 as provided in paragraph (2), shall have the same penalty
12 imposed against it (including disqualification) in the pro-
13 gram administered under this section.

14 “(2) Where the penalty for noncompliance with the
15 program established by the State under the Temporary
16 Assistance for Needy Families block grant is a reduction
17 in benefits in such program, the household shall not re-
18 ceive an increased allotment as a result of a decrease in
19 the household’s income (as determined by the State under
20 this section) to the extent that the decrease is the result
21 of such penalty.

22 “(3) Any household disqualified from this program
23 under this subsection may, after such disqualification pe-
24 riod has expired, reapply for food stamp benefits under
25 this Act and shall be treated as a new applicant.

1 “(f) Where a State or political subdivision, at its op-
2 tion, operates a program under this section for households
3 that include any members who do not participate in the
4 program established by the State under the Temporary
5 Assistance for Needy Families block grant, the Secretary
6 shall ensure that the State plan provides that household
7 eligibility shall be determined under this Act and benefits
8 may be determined under the rules and procedures estab-
9 lished by the State under the Temporary Assistance for
10 Needy Families block grant or this Act, and provides that
11 an equitable distribution of benefits among all household
12 members.

13 “(g)(1) At the election of the State, the State may
14 use the sums that would otherwise be allotted to house-
15 holds participating under this section for the purposes of
16 paying such households cash assistance where a member
17 of such household is employed as provided by paragraph
18 (2).

19 “(2) The State, in electing to provide cash assistance
20 under paragraph (1), at a minimum shall require—

21 “(A) the household has earned income of at
22 least \$350 per month;

23 “(B) the source of such earned income is a pri-
24 vate sector employer, as determined by the State;
25 and

1 “(C) the household has received such earned in-
2 come from the same employer for three consecutive
3 months.

4 “(3) If a State that makes the election described in
5 paragraph (1) informs the Secretary of the households re-
6 ceiving cash assistance under this subsection that partici-
7 pate in the program under this subsection—

8 “(A) the Secretary shall pay to the State an
9 amount equal to the value of the allotment that the
10 household is eligible to receive under this subsection;

11 “(B) the State shall provide such amount to the
12 household as cash assistance in lieu of the allotment
13 that the household would receive but for the oper-
14 ation of this subsection;

15 “(C) the amount of cash assistance received
16 under this subsection shall be considered as the
17 value of an allotment provided to the household; and

18 “(D) the household shall not receive an allot-
19 ment from the State agency for the period during
20 which the member continues to receive cash assist-
21 ance under this subsection.

22 “(4)(A) A State that makes the election in paragraph
23 (1) shall increase the cash benefits provided to households
24 under this subsection to compensate for any State or local
25 sales tax that may be collected on purchases of food by

1 any household receiving cash benefits under this sub-
2 section, or the Secretary determines on the basis of infor-
3 mation provided by the State agency that the increase is
4 unnecessary on the basis of the limited nature of the items
5 subject to the State or local sales tax; and

6 “(B) the State pays the cost of any increased allot-
7 ment.

8 “(5) After the operation of the program under this
9 subsection for two years, the State shall conduct and pro-
10 vide the Committee on Agriculture of the House of Rep-
11 resentatives, the Committee on Agriculture, Nutrition, and
12 Forestry of the Senate, and the Secretary a written eval-
13 uation on the impact of cash assistance under this sub-
14 section.

15 “(h) Notwithstanding the provisions of this Act, in
16 operating such program, the State or political subdivisions
17 may follow the rules and procedures established by the
18 State or political subdivisions under the Temporary As-
19 sistance for Needy Families block grant or this Act, except
20 that the State or political subdivisions shall follow—

21 “(1) section 7 (a)–(g), issuance and use of cou-
22 pons;

23 “(2) section 8(a), value of allotment, except
24 that the household’s income may be determined
25 under the program established by the State under

1 the Temporary Assistance for Needy Families block
2 grant;

3 “(3) section 8(b), allotment not considered in-
4 come or resources;

5 “(4) section 11 (a), (c)–(d), and (n), adminis-
6 tration;

7 “(5) under section 11(e), the State shall follow
8 paragraphs (8), (12), (17), (19), (21), (26)–(27);

9 “(6) section 11(e)(10) or a comparable provi-
10 sion established by the State under the Temporary
11 Assistance for Needy Families block grant; and

12 “(7) section 16, administrative cost-sharing and
13 quality control, except as provided in subsection
14 (c).”.

15 (b) Section 11(e) of the Act (7 U.S.C. 2020(e)) is
16 amended inserting at the end the following new para-
17 graph:

18 “(26) the plans of the State agency, at the elec-
19 tion of the State, for operating a program under sec-
20 tion (4)(a)(2), including—

21 “(A) the rules and procedures to be fol-
22 lowed by the State to determine benefits;

23 “(B) whether the program operated by the
24 State under section 4(a)(2) will include house-
25 holds including members who do not participate

1 in the program established by the State under
 2 the Temporary Assistance for Needy Families
 3 block grant; and

4 “(C) the method by which the State or po-
 5 litical subdivision will carry out a quality con-
 6 trol system under section 16(c).”.

7 **SEC. 204. CONFORMING AMENDMENTS.**

8 (a) Section 8 of the Act (7 U.S.C. 2017) is amended
 9 by striking subsection (e).

10 (b) Section 17 of the Act (7 U.S.C. 2026) is amend-
 11 ed—

12 (1) by striking subsection (i);

13 (2) by redesignating subsections (j), (k), and (l)
 14 as subsections (i), (j), and (k), respectively.

15 **Subtitle B—Food Stamp Program**

16 **SEC. 205. INCOME DEDUCTIONS AND ENERGY ASSISTANCE.**

17 (a) Section 5(d)(11) of the Act (7 U.S.C.
 18 2014(d)(11)) is amended—

19 (1) by striking “(A)”; and

20 (2) by striking “or (B) under any State or local
 21 laws,” and all that follows through “or impracticable
 22 to do so,”.

23 (b) Section 5(e) of the Act (7 U.S.C. 2014(e)) is
 24 amended to read as follows:

1 “(e)(1) STANDARD AND EARNED INCOME DEDUC-
2 TIONS.—

3 “(A) In computing household income, the Sec-
4 retary shall allow a standard deduction of \$134 a
5 month for each household, except that households in
6 Alaska, Hawaii, Guam, and the Virgin Islands of the
7 United States shall be allowed a standard deduction
8 of \$229, \$189, \$269, and \$118, respectively.

9 “(B) All households with earned income shall
10 also be allowed an additional deduction of 20 per-
11 cent of all earned income (other than that excluded
12 by subsection (d) of this section and that earned
13 under section 16(j)), to compensate for taxes, other
14 mandatory deductions from salary, and work ex-
15 penses, except that such additional deduction shall
16 not be allowed with respect to earned income that a
17 household willfully or fraudulently fails (as proven
18 in a proceeding provided for in section 6(b)) to re-
19 port in a timely manner.

20 “(2) DEPENDENT CARE DEDUCTION.—The Sec-
21 retary shall allow households, a deduction with respect to
22 expenses other than expenses paid on behalf of the house-
23 hold by a third party or benefits paid to the household,
24 directly or indirectly, under the Temporary Assistance for
25 Needy Families block grant, amounts made available and

1 excluded for the expenses under subsection (d)(3), the
2 maximum allowable level of which shall be \$200 a month
3 for each dependent child under two years of age and \$175
4 a month for each other dependent, for the actual cost of
5 payments necessary for the care of a dependent when such
6 care enables a household member to accept or continue
7 employment, or training or education which is preparatory
8 for employment.

9 “(3) EXCESS SHELTER EXPENSE DEDUCTION.—

10 “(A) The Secretary shall allow households,
11 other than those households containing an elderly or
12 disabled member, with respect to expenses other
13 than expenses paid on behalf of the household by a
14 third party, an excess shelter expense deduction to
15 the extent that the monthly amount expended by a
16 household for shelter exceeds an amount equal to 50
17 percent of monthly household income after all other
18 applicable deductions have been allowed.

19 “(B) Such excess shelter expense deduction
20 shall not exceed \$231 a month in the forty-eight
21 contiguous States and the District of Columbia, and
22 shall not exceed, in Alaska, Hawaii, Guam, and the
23 Virgin Islands of the United States, \$402, \$330,
24 \$280, and \$171 a month, respectively.

1 “(C) Notwithstanding section 2605(f) of the
2 Low-Income Home Energy Assistance Act of 1981
3 (42 U.S.C. 8624(f)), a State agency may allow a de-
4 duction for heating and cooling expenses only to the
5 extent that the household still incurs out-of-pocket
6 heating or cooling expenses in addition to any pay-
7 ment received under, or costs paid on its behalf, the
8 Low-Income Home Energy Assistance Act of 1981
9 (42 U.S.C. 8621 et seq.). For purposes of the food
10 stamp program, assistance provided under the Low-
11 Income Home Energy Assistance Act of 1981 shall
12 be considered to be prorated over the entire heating
13 or cooling season for which it was provided. A State
14 agency shall allow a household to switch between
15 any standard utility allowance and a deduction based
16 on its actual utility costs at the end of any certifi-
17 cation period and up to one additional time during
18 each twelve-month period.

19 “(D) In computing the excess shelter expense
20 deduction, a State agency may use a standard utility
21 allowance in accordance with regulations promul-
22 gated by the Secretary, except that a State agency
23 may use an allowance which does not fluctuate with-
24 in a year to reflect seasonal variations.

1 “(i) An allowance for a heating or cooling
2 expense may not be used for a household that
3 does not incur a heating or cooling expense, as
4 the case may be, or does incur a heating or
5 cooling expense but is located in a public hous-
6 ing unit which has central utility meters and
7 charges households, with regard to such ex-
8 pense, only for excess utility costs.

9 “(ii) No such allowance may be used for a
10 household that shares such expense with, and
11 lives with, another individual not participating
12 in the food stamp program, another household
13 participating in the food stamp program, or
14 both, unless the allowance is prorated between
15 the household and the other individual, house-
16 hold, or both.

17 “(4) HOMELESS SHELTER DEDUCTION.—The Sec-
18 retary shall allow households in which all members are
19 homeless but are not receiving free shelter throughout the
20 month a shelter expense deduction for the expenses that
21 may reasonably be expected to be incurred by such house-
22 holds, but such deduction shall not exceed \$139 a month.

23 “(5) ELDERLY AND DISABLED.—The Secretary shall
24 allow households containing an elderly or disabled mem-

1 ber, with respect to expenses other than expenses paid on
2 behalf of the household by a third party, to—

3 “(A) an excess medical expense deduction for
4 that portion of the actual cost of allowable medical
5 expenses, incurred by elderly or disabled members,
6 exclusive of special diets, that exceed \$35 a month;
7 and

8 “(B) an excess shelter expense deduction to the
9 extent that the monthly amount expended by a
10 household for shelter exceeds an amount equal to 50
11 percent of monthly household income after all other
12 applicable deductions have been allowed.

13 State agencies shall offer eligible households a method of
14 claiming a deduction for recurring medical expenses that
15 are initially verified under the excess medical expense de-
16 duction provided for in subparagraph (A), in lieu of sub-
17 mitting information or verification on actual expenses on
18 a monthly basis. The method described in the preceding
19 sentence shall be designed to minimize the administrative
20 burden for eligible elderly and disabled household mem-
21 bers choosing to deduct their recurrent medical expenses
22 pursuant to such method, shall rely on reasonable esti-
23 mates of the member’s expected medical expenses for the
24 certification period (including changes that can be reason-
25 ably anticipated based on available information about the

1 member's medical condition, public or private medical in-
2 surance coverage, and the current verified medical ex-
3 penses incurred by the member), and shall not require fur-
4 ther reporting or verification of a change in medical ex-
5 penses if such a change has been anticipated for the cer-
6 tification period.

7 “(6) CHILD SUPPORT DEDUCTION.—Before deter-
8 mining the excess shelter expense deduction, the Secretary
9 shall allow all households a deduction for child support
10 payments made by a household member to or for an indi-
11 vidual who is not a member of the household if such house-
12 hold member was legally obligated to make such payments,
13 except that the Secretary is authorized to prescribe by reg-
14 ulation the methods, including calculation on a retrospec-
15 tive basis, that State agencies shall use to determine the
16 amount of the deduction for child support payments.”.

17 (c) Section 11(e)(3) of the Act (7 U.S.C. 2020(e)(3))
18 is amended by striking “Under the rules prescribed by the
19 Secretary, a State agency shall develop standard esti-
20 mates” and all that follows through the second period.

21 **SEC. 206. VEHICLE ALLOWANCE.**

22 Section 5(g)(2) of the Act (7 U.S.C. 2014(f)(2)) is
23 amended by striking “a level set by the Secretary, which
24 shall be \$4,500 through August 31, 1994,” and all that

1 follows through the end of subsection, and inserting
2 “\$4,550.”.

3 **SEC. 207. ELIGIBILITY OF ALIENS.**

4 (a) Section 5 of the Act (7 U.S.C. 2014) is amend-
5 ed—

6 (1) by striking subsection (i);

7 (2) by redesignating subsections (j) through
8 (m) as subsections (i) through (l), respectively; and

9 (3) by changing all references in the Act to re-
10 flect the amendment in paragraph (2) wherever they
11 occur.

12 (b) Section 6(f)(2) (7 U.S.C. 2015(f)(2)) is amend-
13 ed—

14 (1) in subparagraph (B), by inserting “, and
15 such alien has fulfilled the residence requirements,
16 and has an application pending, for naturalization
17 under the Immigration and Nationality Act, or is a
18 veteran (as defined in section 101 of title 38, United
19 States Code) with a discharge characterized as an
20 honorable discharge (or is spouse of such alien), or
21 is on active duty (other than active duty for train-
22 ing) in the Armed Forces of the United States (or
23 is the spouse or dependent child of such alien)” be-
24 fore the semicolon;

1 (2) in subparagraph (D), by inserting “for five
2 years after such entry” before the semicolon.

3 **SEC. 208. WORK REQUIREMENTS.**

4 (a) Section 6(d) of the Act (42 U.S.C. 2015(d)) is
5 amended—

6 (1) in paragraph (1)(A)(i), by inserting “or re-
7 fuses to participate in any State job search pro-
8 gram” after “by the Secretary”;

9 (2) in paragraph (2)—

10 (A) in subparagraph (A)—

11 (i) by inserting “part A of” after
12 “work registration requirement under”;

13 (ii) by striking “that is comparable to
14 a requirement of paragraph (1)”;

15 (B) by inserting “or” before “(E)”;

16 (C) by striking “; or (F) a person between
17 the ages of sixteen and eighteen who is not a
18 head of a household or who is attending school,
19 or enrolled in an employment training program,
20 on at least a half-time basis”; and

21 (3) in paragraph (4), to read as follows:

22 “(4)(A) Except as provided in subparagraphs
23 (B), (C), and (D), an individual shall not be denied
24 initial eligibility but shall be disqualified from the
25 food stamp program if the individual has not been

1 employed a minimum of twenty hours per week, or
2 did not participate in a workfare program estab-
3 lished under section 20, within 90 days of certifi-
4 cation of eligibility.

5 “(B) The provisions of subparagraph (A) shall
6 not apply in the case of an individual who—

7 “(i) is under eighteen or over fifty years of
8 age;

9 “(ii) is certified by a physician as phys-
10 ically or mentally unfit for employment;

11 “(iii) is a parent or other member of a
12 household with responsibility for the care of a
13 dependent;

14 “(iv) is participating a minimum of 20
15 hours per week and is in compliance with the
16 requirements of—

17 “(I) a program under the Job Train-
18 ing Partnership Act (29 U.S.C. 1501 et
19 seq.);

20 “(II) a program under section 236 of
21 the Trade Act of 1974 (19 U.S.C. 2296);
22 or

23 “(III) another program for the pur-
24 pose of employment and training operated

1 by a State or local government, as deter-
2 mined appropriate by the Secretary; or

3 “(v) or would otherwise be exempt under
4 subsection (d)(2).

5 “(C) The Secretary may waive the requirements
6 of subparagraph (A) in the case of some or all indi-
7 viduals within all or part of State if the Secretary
8 finds that such area—

9 “(i) has an unemployment rate of over 10
10 percent; or

11 “(ii) does not have a sufficient number of
12 jobs to provide employment for individuals sub-
13 ject to this paragraph. The Secretary shall re-
14 port to the Committee on Agriculture of the
15 House of Representatives and the Committee
16 on Agriculture, Nutrition, and Forestry of the
17 Senate on the basis in which the Secretary
18 made this decision.

19 “(D) An individual who has been disqualified
20 from the food stamp program by reason of subpara-
21 graph (A) may reestablish eligibility for assistance
22 by—

23 “(i) becoming employed for a minimum of
24 twenty hours per week during any consecutive
25 thirty-day period; or

1 “(ii) participating in a workfare program
2 established under section 20 or a comparable
3 workfare program established by the State or
4 local government during any consecutive thirty-
5 day period.”.

6 (b) Section 16 of the Act (7 U.S.C. 2025) is amend-
7 ed—

8 (1) by striking subsection (h);

9 (2) by redesignating subsections (i) and (j) and
10 subsections (h) and (i), respectively; and

11 (3) by changing all references.

12 (c) Section 17 of the Act (7 U.S.C. 2026), as pre-
13 viously amended, is amended—

14 (1) by striking subsection (d);

15 (2) by redesignating subsections (e) through (k)
16 as subsections (d) through (j), respectively; and

17 (3) by changing all references in the Act to re-
18 flect the amendment in paragraph (2) whenever they
19 occur.

20 **SEC. 209. COMPARABLE TREATMENT OF DISQUALIFIED IN-**
21 **DIVIDUALS.**

22 Section 6 of the Act (7 U.S.C. 2015) is amended by
23 adding at the end the following new subsection:

24 “(i) An individual who is a member of
25 a household who would otherwise be eligi-

1 ble to participate in the food stamp pro-
2 gram under this section who has been dis-
3 qualified from the program established by
4 the State under part A of title IV of the
5 Social Security Act (42 U.S.C. 601 et seq.)
6 shall not be eligible to participate in the
7 food stamp program during the period
8 such disqualification is in effect.”.

9 **SEC. 210. ENCOURAGE ELECTRONIC BENEFIT TRANSFER**
10 **SYSTEMS.**

11 (a) Section 7(i) of the Act (7 U.S.C. 2016(i)(1)) is
12 amended—

13 (1) in paragraph (1), to read as follows:

14 “(A) State agencies are encouraged to im-
15 plement an on-line electronic benefit transfer
16 system in which household benefits determined
17 under section 8(a) or section 24 are issued from
18 and stored in a central data bank and electroni-
19 cally accessed by household members at the
20 point-of-sale.

21 “(B) Subject to paragraph (2), a State is
22 authorized to procure and implement an elec-
23 tronic benefit transfer system under the terms,
24 conditions, and design that the state deems ap-
25 propriate.

8 (3) in paragraph (3), by striking “, the Sec-
9 retary shall not approve such a system unless”.

13 **“SEC. 25. ENCOURAGEMENT OF ELECTRONIC BENEFIT**
14 **TRANSFER SYSTEMS.**

20 “(b)(1) Each State that meets the requirements of
21 this section and elects to receive such grants, shall receive
22 each fiscal year under this section the sum of—

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1 “(ii) the average for each fiscal year of the total
2 dollar value of all benefits issued under the food
3 stamp program by the State during fiscal years
4 1992 through 1994; and

5 “(B) the total amount received by the State for
6 administrative costs under section 16(a) for fiscal
7 year 1994 or the average for each fiscal year of the
8 total amount received for fiscal years 1992 through
9 1994.

10 “(2) If the Secretary approves the plan submitted by
11 a State under subsection (c), the Secretary shall pay to
12 the State at such times and in such manner as the Sec-
13 retary may determine, the amount to which the State is
14 eligible under subsection (b)(1).

15 “(c) To be eligible to receive a grant under this sec-
16 tion, a State shall submit for approval each fiscal year
17 a plan of operation specifying the manner in which such
18 a program will be conducted by the State. Such plan
19 shall—

20 “(1) certify that the State has implemented a
21 statewide electronic benefit transfer system in ac-
22 cordance with section 7(i);

23 “(2) designate a single State agency responsible
24 for the administration of the nutrition assistance
25 program under this section;

1 “(3) assess the food and nutrition needs of
2 needy persons residing in the State;

3 “(4) limit the assistance to be provided to the
4 purchase of food and describe the persons to whom
5 such assistance will be provided;

6 “(5) assure the Secretary that assistance will be
7 provided to the most needy persons in the State and
8 that applicants for assistance shall have adequate
9 notice and fair hearings comparable to those re-
10 quired under section 11 of this Act;

11 “(6) provide that, in the operation of the nutri-
12 tion assistance program, there shall be no discrimi-
13 nation on the basis of race, sex, religious creed, na-
14 tional origin, or political beliefs; and

15 “(7) include other information as may be re-
16 quired by the Secretary.

17 “(d) Payments made under this section to the State
18 may be expended only in the fiscal year for which such
19 payments are distributed, except that the State may re-
20 serve up to five percent of the grant received each fiscal
21 year to provide assistance under this section in subsequent
22 years: *Provided*, That such reserved funds may not total
23 more than 20 percent of the total grant received under
24 this section in any fiscal year.

1 “(e) The State agency shall keep records concerning
2 the operation of the program carried out under this sec-
3 tion and shall make such records available to the Secretary
4 and the Comptroller General of the United States.

5 “(f) If the Secretary finds that there is substantial
6 failure by a State to comply with the requirements of this
7 section, regulations issued pursuant to this section, or the
8 plan approved under subsection (c), then the Secretary
9 shall take one or more of the following actions:

10 “(1) Suspend all or part of such payment au-
11 thorized by subsection (b)(2) to be made available to
12 such State, until the Secretary determines the State
13 to be in substantial compliance with such require-
14 ments.

15 “(2) Withhold all or part of such payments
16 until the Secretary determines that there is no
17 longer failure to comply with such requirements, at
18 which time the withheld payment may be paid.

19 “(3) Terminate the authority of the State to
20 operate the low-income nutrition assistance program.

21 “(g)(1) States which receive grants under this section
22 shall provide for—

23 “(A) a biennial audit, conducted in accordance
24 with the standards of the Comptroller General, of

1 expenditures for the provision of assistance under
2 this section; and

3 “(B) not later than 120 days of the end of each
4 fiscal year in which an audit is conducted, a report
5 to the Secretary containing the findings of such
6 audit.

7 States shall make the report of such audit available for
8 public inspection.

9 “(2) Not later than 120 days after the end of each
10 fiscal year, each such State shall prepare an activities re-
11 port comparing actual expenditures for such fiscal year
12 for assistance under this section with the expenditures for
13 such fiscal year predicted in the plan submitted in accord-
14 ance with subsection (c)(1) of this section. Such State
15 shall make the activities report available for public inspec-
16 tion.

17 “(h) Whoever knowingly and willfully embezzles,
18 misapplies, steals, or obtains by fraud, false statement, or
19 forgery, any funds, assets, or property provided or fi-
20 nanced under this section shall be fined not more than
21 \$10,000 or imprisoned for not more than five years, or
22 both.

23 **SEC. 211. VALUE OF MINIMUM ALLOTMENT.**

24 Section 8(a) of Act (7 U.S.C. 2017(a)) is amended
25 by striking “, and shall be adjusted on each October 1”

1 and all that follows through the end of the subsection, and
2 inserting a period.

3 **SEC. 212. INITIAL MONTH BENEFIT DETERMINATION.**

4 Section 8(c)(2)(B) of the Act (7 U.S.C.
5 2017(c)(2)(B)) is amended by striking “of more than one
6 month” after “following any period”.

7 **SEC. 213. IMPROVING FOOD STAMP PROGRAM MANAGE-**
8 **MENT.**

9 (a) Section 13(a)(1) of the Act (7 U.S.C. 2022(a)(1))
10 is amended—

11 (1) in the fifth sentence, by inserting “(after a
12 determination on any request for a waiver for good
13 cause related to the claim has been made by the Sec-
14 retary)” after “bill for collection”;

15 (2) in the sixth sentence, by striking “1 year”
16 and inserting “2 years”.

17 (b) Section 14(a) of the Act (7 U.S.C. 2023(a)) is
18 amended—

19 (1) in the sixth sentence, by striking “(includ-
20 ing determinations as to whether there is good cause
21 for not imposing all or a portion of the penalty)”;

22 (2) by adding at the end the following new sen-
23 tence: “Notwithstanding the administrative or judi-
24 cial review procedures set forth in this subsection,
25 determinations by the Secretary concerning whether

1 a State agency had good cause for its failure to meet
2 error rate tolerance levels established under section
3 16(c) are final.”.

4 (c) Section 16(c) of the Act (7 U.S.C. 2025(c)) is
5 amended—

6 (1) in paragraph (1)(C)—

7 (A) by striking “national performance
8 measure” and inserting “payment error toler-
9 ance level”; and

10 (B) by striking “equal to—” and all that
11 follows through the first period and inserting
12 the following: “equal to its payment error rate
13 less such tolerance level times the total value of
14 allotments issued in such a fiscal year by such
15 State agency. The amount of liability shall not
16 be affected by corrective action under subpara-
17 graph (B).”;

18 (2) in paragraph (3)(A), by striking “120 days”
19 and inserting “60 days (or 90 days at the discretion
20 of the Secretary)”;

21 (3) in the third sentence of paragraph (6), by
22 inserting “shall be used to establish a payment-error
23 tolerance level. Such tolerance level for any fiscal
24 year will be one percentage point added to the lowest
25 national performance measure ever announced up to

1 and including such fiscal year under this section.

2 The payment-error tolerance level” after “The an-

3 nounced national performance measure”; and

4 (4) by striking paragraphs (8) and (9).

5 **SEC. 214. WORK SUPPLEMENTATION OF SUPPORT PRO-**
6 **GRAM.**

7 (a) Section 11(e) of the Act (7 U.S.C. 2020(e)), as
8 previously amended by this Act, is amended by adding at
9 the end the following new paragraph:

10 “(27) the plans of the State agency for includ-
11 ing eligible food stamp recipients in a work
12 supplementation or support program under section
13 16(i).”.

14 (b) Section 16 of the Act (7 U.S.C. 2025), as pre-
15 viously amended by this Act, is amended by adding at the
16 end the following new subsection:

17 “(i) WORK SUPPLEMENTATION OR SUPPORT PRO-
18 GRAM.—(1) At the election of the State, the State may
19 use the sums that would otherwise be allotted to partici-
20 pants under this Act for the purposes of providing and
21 subsidizing or supporting jobs under a work
22 supplementation or support program established by the
23 State under the Temporary Assistance for Needy Families
24 block grant.

1 “(2) If a State agency of a State that makes the elec-
2 tion described in paragraph (1) informs the Secretary that
3 an individual who is participating in such work
4 supplementation or support program is a member of a
5 household that participates in the food stamp program—

6 “(A) the Secretary shall pay to the State an
7 amount equal to the value of the allotment that the
8 household is eligible to receive under this Act;

9 “(B) the State shall expend such amount in ac-
10 cordance with its work supplementation or support
11 program in lieu of the allotment that the household
12 would receive but for the operation of this sub-
13 section;

14 “(C) for purposes of—

15 “(i) sections 5 and 8(a) of this Act, the
16 amount received under this subsection shall be
17 excluded from household income and resources;
18 and

19 “(ii) section 8(b) of this Act, the amount
20 received under this subsection shall be consid-
21 ered as the value of an allotment provided to
22 the household; and

23 “(D) the household shall not receive an allot-
24 ment from the State agency for the period during

1 which the member continues to participate in the
2 work supplementation program.

3 “(3) No person shall be excused by reason of the fact
4 that such State has a work supplementation or support
5 program from any work requirement under section 6(d),
6 except during the periods in which such individual is em-
7 ployed under such work supplementation or support pro-
8 gram.

9 “(4) For purposes of this subsection, ‘work
10 supplementation or support’ shall mean a program in
11 which, as determined by the Secretary, public assistance,
12 including any benefits provided under a program estab-
13 lished by the State under the Temporary Assistance for
14 Needy Families block grant and the food stamp program,
15 is provided to an employer to be used for hiring a public
16 assistance recipient.”.

17 **SEC. 215. EFFECTIVE DATES.**

18 (a) Except as provided in subsections (b) and (c), this
19 Act and amendments made by this Act shall take effect
20 on October 1, 1995.

21 (b) The amendments made by section 207 shall take
22 effect on October 1, 1996.

23 (c) The amendments made by section 213 shall take
24 effect on October 1, 1994.

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